

Farm Credit Administration

§615.5140

during which either or both Houses of Congress are in session. For the convenience of the user, the revised text is set forth as follows:

§615.5136 Emergencies impeding normal access of Farm Credit banks to capital markets.

An emergency shall be deemed to exist whenever a financial, economic, agricultural, national defense, or other crisis could impede the normal access of Farm Credit banks to the capital markets. Whenever the Farm Credit Administration determines, after consultation with the Federal Farm Credit Banks Funding Corporation to the extent practicable, that such an emergency exists, the Farm Credit Administration Board

may, in its sole discretion, adopt a resolution that:

(a) Modifies the amount, qualities, and types of eligible investments that Farm Credit banks are authorized to hold pursuant to §615.5132 of this subpart;

(b) Modifies or waives the liquidity requirement(s) in §615.5134 of this subpart; and/or

(c) Authorizes other actions as deemed appropriate.

§615.5140 Eligible investments.

(a) You may hold only the following types of investments listed in the Investment Eligibility Criteria Table. These investments must be denominated in United States dollars.

Investment Eligibility Criteria Table

ASSET CLASS	FINAL MATURITY LIMIT	NRSRO CREDIT RATING	OTHER REQUIREMENTS	INVESTMENT PORTFOLIO LIMIT
(1) Obligations of the United States <ul style="list-style-type: none"> Treasuries Agency securities (except mortgage securities) Other obligations fully insured or guaranteed by the United States, its agencies, instrumentalities and corporations 	None	NA	None	None
(2) Municipal Securities				
<ul style="list-style-type: none"> General obligations 	10 years	One of the highest two	None	None
<ul style="list-style-type: none"> Revenue bonds 	5 years	Highest	At the time of purchase, you must document that the issue is actively traded in an established secondary market	15%
(3) International and Multilateral Development Bank Obligations	None	None	The United States must be a voting shareholder	None
(4) Money Market Instruments				
<ul style="list-style-type: none"> Federal funds 	1 day or continuously callable up to 100 days	One of the two highest short-term	None	None
<ul style="list-style-type: none"> Negotiable certificates of deposit 	1 year		None	None
<ul style="list-style-type: none"> Bankers acceptances 	None		Issued by a depository institution	None
<ul style="list-style-type: none"> Commercial paper 	270 days	Highest short-term	None	None
<ul style="list-style-type: none"> Non-callable Term Federal funds and Eurodollar time deposits 	100 days			20%
<ul style="list-style-type: none"> Master notes 	270 days			20%
<ul style="list-style-type: none"> Repurchase agreements collateralized by eligible investments or marketable securities rated in the highest credit rating category by an NRSRO 	100 days	NA	If counterparty defaults, you must divest non-eligible securities under § 615.5143	None

ASSET CLASS	FINAL MATURITY LIMIT	NRSRO CREDIT RATING	OTHER REQUIREMENTS	INVESTMENT PORTFOLIO LIMIT
(5) Mortgage Securities				
• Issued or guaranteed by the United States	None	NA	Stress testing under § 615.5141	None
• Fannie Mae or Freddie Mac mortgage securities	None	NA	Stress testing under § 615.5141	50%
• Non-Agency securities that comply 15 U.S.C. 77d(5) or 15 U.S.C. 78c(a)(41)	None	Highest	Stress testing under § 615.5141	15%
• Commercial mortgage-backed securities	None	Highest	<ul style="list-style-type: none"> Security must be backed by a minimum of 100 loans. Loans from a single mortgagor cannot exceed 5% of the pool Pool must be geographically diversified pursuant to the board's policy Stress testing under § 615.5141 	
(6) Asset-Backed Securities secured by:				
• Credit card receivables	None	Highest	5-year WAL for fixed rate or floating rate ABS at their contractual interest rate caps	20%
• Automobile loans				
• Home equity loans				
• Wholesale automobile dealer loans			7-year WAL for floating rate ABS that remain below their contractual interest rate cap	
• Student loans				
• Equipment loans				
• Manufactured housing loans				
(7) Corporate Debt Securities				
	5 years	One of the two highest	Cannot be convertible to equity securities	20%
(8) Diversified Investment Funds				
Shares of an investment company registered under section 8 of the Investment Company Act of 1940	NA	NA	<p>The portfolio of the investment company must consist solely of eligible investments authorized by §§ 615.5140 and 615.5174.</p> <p>The investment company's risk and return objectives and use of derivatives must be consistent with FCA guidance and your investment policies.</p>	None, if your shares in each investment company comprise 10% or less of your portfolio. Otherwise counts toward limit for each type of investment.

(b) *Rating of foreign countries.* When-ever the obligor or issuer of an eligible investment is located outside the United States, the host country must

maintain the highest sovereign rating for political and economic stability by an NRSRO.

§ 615.5140

12 CFR Ch. VI (1–1–13 Edition)

(c) *Marketable securities.* All eligible investments, except money market instruments, must be marketable. An eligible investment is marketable if you can sell it quickly at a price that closely reflects its fair value in an active and universally recognized secondary market.

(d) *Obligor limits.* (1) You may not invest more than 20 percent of your total capital in eligible investments issued by any single institution, issuer, or obligor. This obligor limit does not apply to obligations, including mortgage securities, that are issued or guaranteed as to interest and principal by the United States, its agencies, instrumentalities, or corporations.

(2) *Obligor limits for your holdings in an investment company.* You must count securities that you hold through an investment company towards the obligor limit of this section unless the investment company's holdings of the secu-

rity of any one issuer do not exceed five (5) percent of the investment company's total portfolio.

(e) *Other investments approved by the FCA.* You may purchase and hold other investments that we approve. Your request for our approval must explain the risk characteristics of the investment and your purpose and objectives for making the investment.

[64 FR 28896, May 28, 1999]

EFFECTIVE DATE NOTE: At 77 FR 66372, Nov. 5, 2012, § 615.5140 was amended by revising paragraph (a), effective 30 days after publication in the FEDERAL REGISTER during which either or both Houses of Congress are in session. For the convenience of the user, the revised text is set forth as follows:

§ 615.5140 Eligible investments.

(a) You may hold only the following types of investments listed in the Investment Eligibility Criteria Table. These investments must be denominated in United States dollars.

INVESTMENT ELIGIBILITY CRITERIA TABLE

Asset class	Final maturity limit	NRSRO Credit rating	Other requirements	Investment portfolio limit
(1) Obligations of the United States. • Treasuries. • Agency securities (except mortgage securities). • Other obligations fully insured or guaranteed by the United States, its agencies, instrumentalities and corporations.	None	NA	None	None.
(2) Municipal Securities: • General obligations .. • Revenue bonds	10 years 5 years	One of the highest two Highest	None At the time of purchase, you must document that the issue is actively traded in an established secondary market.	None. 15%.
(3) International and Multilateral Development Bank Obligations.	None	None	The United States must be a voting shareholder.	None.
(4) Money Market Instruments: • Federal funds	1 day or continuously callable up to 100 days. 1 year	One of the two highest short-term. One of the two highest short-term.	None None	None. None.
• Negotiable certificates of deposit. • Bankers acceptances	None	One of the two highest short-term.	Issued by a depository institution.	None.
• Commercial paper • Non-callable Term Federal funds and Eurodollar time deposits.	270 days 100 days	Highest short-term Highest short-term	None None	None. 20%.

INVESTMENT ELIGIBILITY CRITERIA TABLE—Continued

Asset class	Final maturity limit	NRSRO Credit rating	Other requirements	Investment portfolio limit
<ul style="list-style-type: none"> Master notes Repurchase agreements collateralized by eligible investments or marketable securities rated in the highest credit rating category by an NRSRO. 	270 days 100 days	Highest short-term NA	None None	20%. None.
(5) Mortgage Securities:				
<ul style="list-style-type: none"> Issued or guaranteed by the United States. 	None	NA	None	None.
<ul style="list-style-type: none"> Fannie Mae or Freddie Mac mortgage securities. 	None	NA	None	50%.
<ul style="list-style-type: none"> Non-Agency securities that comply 15 U.S.C. 77d(5) or 15 U.S.C. 78c(a)(41). 	None	Highest	None	15%.
<ul style="list-style-type: none"> Commercial mortgage-backed securities. 	None	Highest	<ul style="list-style-type: none"> Security must be backed by a minimum of 100 loans. Loans from a single mortgagor cannot exceed 5% of the pool. Pool must be geographically diversified pursuant to the board's policy. 	
(6) Asset-Backed Securities secured by:	None	Highest	5-year WAL for fixed rate or floating rate ABS at their contractual interest rate caps. 7-year WAL for floating rate ABS that remain below their contractual interest rate cap.	20%.
<ul style="list-style-type: none"> Credit card receivables. Automobile loans. Home equity loans. Wholesale automobile dealer loans. Student loans. Equipment loans. Manufactured housing loans. 				
(7) Corporate Debt Securities.	5 years	One of the two highest	Cannot be convertible to equity securities.	20%.
(8) Diversified Investment Funds.	NA	NA	The portfolio of the investment company must consist solely of eligible investments authorized by §§ 615.5140 and 615.5174. The investment company's risk and return objectives and use of derivatives must be consistent with FCA guidance and your investment policies.	None, if your shares in each investment company comprise 10% or less of your portfolio. Otherwise counts toward limit for each type of investment.

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§615.5141 Stress tests for mortgage securities.

Mortgage securities are not eligible investments unless they pass a stress test. You must perform stress tests to

determine how interest rate changes will affect the cashflow and price of each mortgage security that you purchase and hold, except for adjustable rate securities that reprice at intervals of 12 months or less and are tied to an index. You must also use stress tests to